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COMMUNIST CHINA - USSR - LAOS: Despite Souvanna Phouma's acquiescence in the South Vietnamese incursion into the Laos panhandle, both Moscow and Peking have recently reiterated their preference for his leadership.

Both countries have made it clear that they still regard Souvanna's presence in Vientiane as crucial to maintaining political stability and keeping alive the possibility of a future political settlement under the umbrella of the 1962 Geneva Accords. Their position is a clear sign that while the Communists may doubt the efficacy of Souvanna's "neutrality" as a restraining influence on allied operations in Laos, they are reluctant to see the 1962 agreement, which legitimizes the Communist movement in Laos and affords it a position in a coalition government, completely abandoned.

Last fall, the Chinese chargé in Vientiane provided the first indication of China's position on this subject when he said China wanted to see Laos return to "strict neutrality," with the Neo Lao Hak Sat (NLHS) participating in the government. He also stated he was doing everything he could to persuade the NLHS to negotiate with the Royal Lao Government.

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[REDACTED] Other Chinese officials in Vientiane have also made it known that Peking is backing Souvanna and that China will support Laos' neutrality and all other provisions of the Geneva Accords that concern it. In keeping with this attitude, the Chinese on 8 March officially endorsed for the first time the "five-point" proposal for a political solution in Laos put forward by the Laotian Patriotic Front on 6 March 1970.

For its part, Moscow has also recently stressed its continuing support for Souvanna Phouma's leadership. During a conversation with a US Embassy official in Moscow on 9 March, the deputy chief of the

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Foreign Ministry's Southeast Asian division flatly stated that the Soviets still view Souvanna as prime minister despite their official position that the tripartite coalition government has collapsed. [REDACTED]

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[REDACTED] Moscow's expressions of support for Souvanna seem designed in part to prevent possible challenges to him from Laotian rightists. Like the Chinese, Moscow clearly thinks Souvanna's continued presence at the head of the Royal Laotian Government is far more desirable than the uncertainties that would attend his overthrow by other non-Communist elements. [REDACTED]

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C **TURKEY:** In the wake of yesterday's ultimatum from the military commanders, political leaders are seeking a formula that will satisfy the armed forces and, at the same time, keep the government within the bounds of the democratic system provided by the constitution.

Prime Minister Demirel tendered his resignation but has been requested by President Sunay to continue heading a caretaker government until a new one can be formed. The lower house of Parliament met briefly yesterday, but because no member of the cabinet was present, adjourned to allow the deputies an opportunity to discuss the situation within their own party groups. The Senate is scheduled to hold an extraordinary session today.

All political leaders, while playing their cards extremely close to their chests, have emphasized the importance of maintaining the democratic system, however illusory it may appear at the moment. President Sunay, who strongly opposes military involvement in the government structure, met with parliamentary chiefs yesterday and will consult with the leaders of the several political parties today in a search for a political figure who can organize a national coalition government and assure passage of the required legislation. Such legislation would be aimed at ending extremism, which has disrupted Turkey's social order, and at promoting political, social, and economic reforms necessary to satisfy the military establishment, which once having grasped the reins of government might be reluctant to let go. The next political move is up to the President,



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Meanwhile, the military is remaining in the background following some initial show of force in Ankara. A group of high-ranking officers delivered copies of the military's ultimatum to the radio station for broadcasting. A security force reportedly

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has been placed around the station, possibly to prevent potentially subversive elements from trying to put it off the air. In the Ankara area, all military units have been placed on alert and full security measures have been implemented.

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Otherwise, life in Ankara goes on much as usual, although an Ankara radiobroadcast yesterday stated that action has been taken against extremist groups of both the left and the right.

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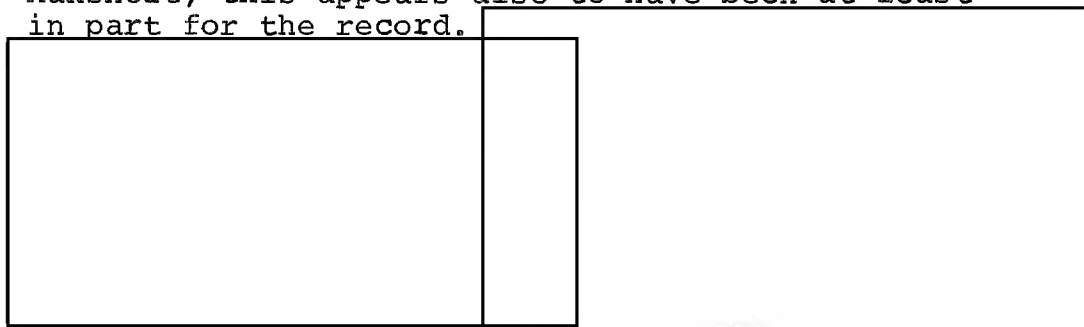
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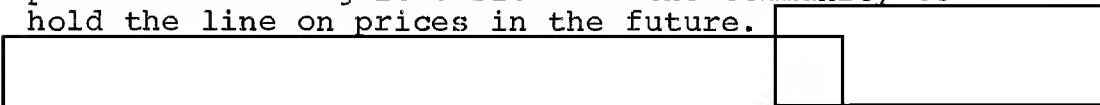
EUROPEAN COMMUNITIES: The EC Commission's proposals for only "minimum" increases in agricultural price levels seem to stand a good chance of being adopted later this month.

At a Council meeting earlier this week, German Agricultural Minister Ertl reiterated Bonn's demands for price increases considerably beyond those proposed by the Commission. Nevertheless, both before and after the meeting, German officials assured the US that Ertl's position is mostly for domestic political consumption. It is probable that his insistence on specific price increases--especially for feed grains--will be relaxed in the final debate.

The Commission seems also to have gained ground at the Council meeting in its effort to link modest price increases with a commitment from the member states to get started on long-pending proposals for the modernization of EC agriculture. Although Ertl's insistence on advancing "counterproposals" provoked a heated exchange between him and Commissioner Mansholt, this appears also to have been at least in part for the record.



Although the US has opposed even the price increases the Commission contemplates, these are modest compared with the requests of farm groups, and the proposed reform program holds some promise of making it easier for the Community to hold the line on prices in the future.



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LIBYA: The most recent "deadline" for oil companies to respond to Libyan demands expires today.

Libyan tactics have alternated between ultimatums by Deputy Premier Jallud and indications from Oil Minister Mabruk that certain demands are negotiable. The two sides may be close on prices, but sticking points are assurances against old claims or any retroactive payments and the issue of a five-year agreement.

The Libyans may employ the threat of a legislated settlement to bring pressure on the companies to improve their offer. Venezuela set the precedent by passing legislation that gave the government unilateral authority to set prices and taxes.

Oil officials from Iraq, Saudi Arabia, and Algeria are in Tripoli to receive a report today from Libya on the negotiations. Their presence as well as the presence of Nigerian and Syrian officials may be used by Libya to indicate a "solid front" of Mediterranean and African oil producers. The other OPEC members of the Mediterranean group--Iraq, Saudi Arabia, and Algeria--have remained in the background, and although they have agreed publicly to support Libyan price demands, they probably will not support other Libyan demands.

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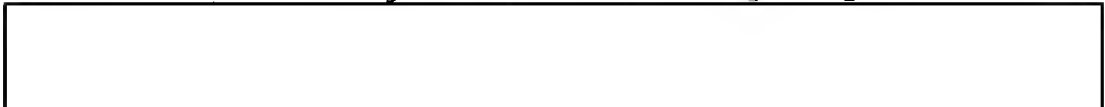
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SOMALIA: General Siad, president of the ruling military council, may have strengthened his insecure grasp on the reins of government.

Siad's chief rival, General Gaveire, has been dropped as defense minister and given a lesser portfolio. A high-ranking police officer who was a close ally of Gaveire has been dismissed from the council and forced to retire. Since November 1970 when the former police officer was replaced as mayor of Mogadiscio--his concurrent post--his future assignment has been the subject of considerable contention between pro-Siad elements and Gaveire supporters in the council.

With this setback for the Gaveire faction, it is possible that Siad may make even further changes in the government hierarchy. There is, however, the danger that such action could provoke a reaction from tribal and other elements sympathetic to Gaveire and upset the delicate balance that has been maintained in the ruling council over the past year.



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JAPAN: Komeito, the political arm of the militant Buddhist Soka Gakkai sect, will be sending a high-ranking delegation to Moscow and possibly Peking this summer.

After a year of stalling, the party has accepted an invitation from Moscow for an eight-day visit in July. The delegation will also visit several East European countries.

Komeito delayed accepting the Soviet invitation in part hoping to receive one from Peking to balance it off and also because of disarray within the party. For some time Komeito has worked through pro-China elements in the ruling conservative party in an effort to get a bid from the Chinese, most recently attempting to use the good offices of a ranking conservative party official who visited Peking last month. The fact that the Soviet offer was accepted only several days after the official returned indicates that Komeito probably expects a Chinese offer soon.

In view of the considerable sentiment in Japan for improved relations with Communist China, Komeito undoubtedly is more anxious to develop contacts with Peking than with Moscow. The party probably accepted the Soviet offer because of the prestige involved and in the interests of maintaining an independent image. Both Moscow and Peking during the last year or two have shown increasing interest in Komeito, which has achieved impressive electoral gains to become the second largest opposition party in Japan.

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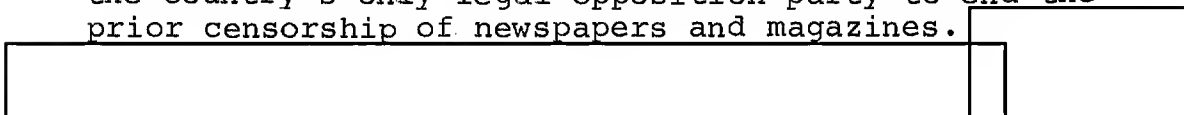
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BRAZIL: The government has imposed press censorship on reporting the indictment of police for allegedly killing suspected criminals.

The Justice Ministry has ordered all media not to deal with a charge handed down on 9 March by a military prosecutor that accuses 15 Sao Paulo policemen of murder committed as members of the notorious "death squads." Since 1958 these vigilante organizations have killed more than 1,000 persons suspected of engaging in dope smuggling, prostitution, book-making, and related activities. The "death squads" are widely believed to be made up primarily of active duty and retired security officers impatient with what they consider the inefficiency and leniency of the Brazilian judiciary system.

The prosecutor called for the death penalty or life imprisonment for the men on the grounds that their crimes violated national security laws by impairing Brazil's international image. Because the indictments were framed within the national security context and thereby gave a military court mandatory jurisdiction, the armed forces have been drawn into the issue for the first time. Numerous other indictments against alleged "death squad" members have been filed in civilian courts, but only two convictions have been handed down. The military's sensitivity to anything that could damage its image, and the fact that some indicted policemen have been key figures in the government's campaign to counter terrorism, may in part explain the new rigid censorship order.

The government's extensive press censorship was the reason cited by a Supreme Court justice for his resignation on 10 March. He was the only member of the court who said it should consider an appeal by the country's only legal opposition party to end the prior censorship of newspapers and magazines.



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[redacted] East Pakistani leader Mujibur Rahman told an intermediary sent by President Yahya Khan that the only way out of the present impasse is to allow Mujib to govern East Pakistan while Z. A. Bhutto forms a government in West Pakistan. The two leaders would then negotiate a new constitution--or separate constitutions for the two parts of the country. Yahya is unlikely to see much hope for a compromise if Mujib insists on this stand. The President may still plan to fly to Dacca in what could become a last-ditch effort to find a peaceful solution to the crisis. [redacted]

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CHILE: The head of the government oil enterprise has confirmed that Chile is negotiating to use part of the Soviet credit, acquired in 1967, to build a lubricating oil plant. Romania may also be a partner in the venture, which is expected to cost \$18 million. The Allende government is apparently giving a high priority to the plant as a step toward reducing dependence on imports of lubricating oils. If the deal is concluded successfully, construction is planned to begin before the end of 1971. [redacted]

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HUNGARY-IRAQ: Budapest is expanding its participation in the Iraqi national oil industry to include the drilling of at least three oil wells in the Jambur oil field in northern Iraq. Work on this contract, which will cost \$3 million, is scheduled to begin in December. The new project reflects Baghdad's apparent satisfaction with Hungary's successful drilling of two oil wells in the North Rumaila field, an area being developed primarily by the USSR. In 1969, Budapest extended \$11 million in credit for developing the Iraqi national oil industry. [redacted]

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